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WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR 17-80

WASHINGTON, Sept. 10--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

GRAIN AND FEED

ARGENTINA has signed a new agreement to supply China with 1.0 to 1.5 million tons per year of wheat, corn and soybeans for the next four years (1981-84). The wheat portion is to be a minimum of 700,000 to 900,000 tons.

Under the current three-year agreement, which was to have extended into 1981, Argentina had agreed to supply China with 800,000 to 1 million tons of wheat and corn annually. Thus far in 1980, China has purchased about 650,000 tons of Argentine wheat, but no corn. In 1979, Argentina's wheat exports to China were 885,000 tons, but no corn was exported.

JAPAN's 1980 wheat crop currently is estimated at 620,000 tons, about 15 percent above the 1979 outturn of 541,000 tons. Area for the 1980 crop is estimated at 210,000 hectares, 41 percent above the 149,000 hectares harvested in 1979.

The increase in wheat area is part of the government's riceland diversion program to reduce rice stocks, now estimated to reach some 6.5 million tons (brown basis) by the end of October 1980. Paddy area diverted from rice to other crops in 1980 is estimated by agricultural cooperative organizations at 570,000 hectares, roughly 19 percent of Japan's total estimated paddy area of 3 million hectares.

In order to prevent further increases, Japan plans continued rice acreage diversion in 1981. The first phase of the Agriculture-Forestry-Fisheries Ministry's Planting Conversion Ten-Year Plan calls for the diversion of 570,600 hectares of rice-land during Japan's 1978-80 fiscal years (April-March). Second stage plans call for a diversion of 650,000 hectares during Japan's 1981-83 fiscal years.

OILSEEDS AND PRODUCTS

The UNITED KINGDOM's total imports of soybeans and meal, on a meal equivalent basis, in October-July 1979/80 were 1.23 million tons. According to the U.S. agricultural counselor in London, this is a 2-percent increase from the same ten months in 1978/79. October-July 1979/80 imports of soybeans and soybean meal, with similar periods for the two preceding years for comparison, were as follows in 1,000 tons:

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MARY FRANCES CHUGG, Editor. Tel: (202) 447-3370, 447-2381. Weather and Crop Summary prepared by the Joint Agricultural Weather Facility of USDA and NOAA. Tel: (202) 447-8760, 447-7917. Additional copies may be obtained from the FAS Information Services Staff, Room 5918-South, Washington, D.C. 20250. Tel: 447-7937.

Country of origin	Soybeans			Soybean meal		
	1977/78	1978/79	1979/80	1977/78	1978/79	1979/80
United States	1105.9	738.1	962.6	142.6	260.7	213.6
Brazil	52.0	0	0	2.1	35.1	20.5
Argentina	0	23.2	.3	.7	0	0
Other	30.5	53.6	4.5	115.0	261.7	225.8
Total	1188.4	814.9	967.4	260.4	557.5	459.9

DAIRY, LIVESTOCK & POULTRY

EGYPT plans to import more of certain food items in the public sector. The Food Security Committee of the Egyptian Cabinet raised the amount of red meat which can be imported by the public sector from 80,000 to 120,000 tons per year. The poultry total increased from 30,000 to 40,000 tons per year. Although the public sector has not previously imported eggs for distribution to government stores, it was decided that imports of 10 million eggs per month would be started.

The EUROPEAN COMMUNITY (EC) increased its export subsidies on canned hams and shoulders to the United States effective Sept. 8. This is the first increase since the International Trade Commission unanimously ruled on June 19 that imports of EC canned hams and shoulders do not injure the U.S. pork industry.

The subsidy on EC canned hams will increase from 51 to 58 European Currency Units (ECU) per 100 kilograms (approximately a jump from 33 to 37 cents per pound for Denmark). For canned shoulders, the subsidy increases from 42 to 47 ECU's per 100 kilograms, or from approximately 27 to 30 cents per pound for Denmark. This new subsidy rate for canned hams however, still is about 27 percent below that applicable to all other destinations, which remains at 79 ECU's per 100 kilograms (approximately 50 cents per pound for Denmark). The last increase in these subsidy rates occurred on Nov. 1, 1979.

HORTICULTURAL & TROPICAL PRODUCTS

CANADA plans a purchase and resale program for Ontario's 1980 sour cherry crop. The Agricultural Minister has recommended that the Agricultural Products Board purchase up to 8 million pounds of the expected 19.7-million-pound cherry crop. This action is considered essential in order to save the large surplus portion of the crop. These cherries would be processed and stored until they can be resold to the trade at prices sufficient to recover the original costs plus interest, transportation and storage charges.

GREECE is expecting bumper crops of table olives and peaches this year. The 1980/81 table olive crop may reach a record high of 100,000 tons. Between 1974/75 and 1979/80, average annual production was 76,100 tons.

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To facilitate the export of the expected 1980 bumper peach crop, forecast at nearly 400,000 tons, Greece has announced a subsidy of 4.5 drachmas (10.4 U.S. cents) per kilogram to exporters for exported peaches and an additional subsidy of 1.5 drachmas (3.5 cents) per kilogram on peaches transported in refrigerated trucks to Scandinavian, Arabian and Middle East markets. To be eligible for these subsidies, exporters must pay peach growers a minimum of 10.5 drachmas (24.2 cents) per kilogram.

BRAZIL reopened coffee export registrations on Aug. 20, after a seven-week suspension failed to substantially bolster coffee prices. On Aug. 21 and 22, futures prices other than for September dropped their daily limit of 4 cents per pound. The September price dropped 7 cents per pound on Aug. 21 and 2.4 cents per pound on Aug. 22. The declines occurred because several producer countries, including Brazil, became large sellers on the cash market. Since then futures market prices have fluctuated dramatically, depending on whether the sales arm of the Bogota group, Pancafe, was buying or selling coffee.

Several large COFFEE companies reduced the wholesale prices for their regular ground, vacuum packed coffees by 10 cents per pound, effective Aug. 29. The new list price is \$2.98 per pound. Price reductions also were announced for regular instant and decaffeinated instant coffees produced by these companies. The lower prices reflect the decline in world green coffee prices, which have dropped more than 50 cents a pound since May.

TOBACCO

NEW ZEALAND is planning to phase out aid to tobacco producers. Both government financing of leaf stocks and the 30-percent minimum mixing requirement may be eliminated eventually. Although details and timing of the plan have not been announced, it is believed that a five-year phase-out may be implemented beginning with the 1982/83 tobacco crop. Tobacco growers may agree to the phase-out of the mixing requirement, if the tariff on leaf tobacco is increased. One plan being suggested is similar to a proposal by tobacco growers in Australia, whereby a higher tariff would be imposed on imported tobacco used in excess of an agreed mixing percentage.

INTERNATIONAL WEATHER AND CROP SUMMARY, SEPT. 1-7

EUROPE-- Generally fair weather moved into the region during the week. Wet weather in some areas from the preceding week tapered off, leaving favorable conditions for late harvesting of small grains across the north. Adequate soil moisture should remain for planting of winter grains in the coming weeks. Moderate rainfall in parts of the southeast may have hindered harvesting activities, but the moisture will be beneficial for winter grains soon to be sown.

USSR--Wet weather persisted in western portions of the winter grain belt. Harvest activity centered in Belorussia was again interrupted along its southern

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edge. A front moving across the north dumped much above normal rainfall on harvest areas in northeastern European USSR, and some light frost occurred at midweek. Impacts of harvest delays may not be serious, however, for very little winter grain is grown there. As the prime season for sowing winter grains in the North Caucasus approaches, some parts of the area might be getting a little too dry for successful germination. Rains last week did not extend very far north of the Caucasus Mountains.

In the New Lands, favorable harvest weather persisted across the south. Rainfall slackened somewhat in the north, but totals remained somewhat above normal. Probably no serious impact on spring grain harvest occurred.

CHINA--Above-normal rainfall continued in a broad band just to the north of the Yangtze River, prolonging the problems caused by excessive water. Areas just south of the river dried out after the preceding week's heavy rains. Rainfall in the hills to the south remained above normal, and coastal areas of Guangdong and Guangxi were drenched with persistent heavy rains in excess of 100 mm. To the north, above-normal rainfall in Shandong may have interfered with harvesting of crops, but the moisture boosted winter grain sowing prospects. Much of Hebei turned drier again, however, and the outlook for sowing remains marginal.

MEXICO--Seasonal rains in the northwestern watersheds kept prospects bright for fall and winter vegetable production along the west coast. However, some northeastern citrus districts became drier, and fruit in the sizing stage could be smaller than usual. Further south, heavy rains benefited orchards. Heavy rains for the past three weeks probably hurt open cotton at Chihuahua, while mostly sunny weather allowed continuance of harvesting at Hermosillo and Torreon. The Southern Plateau's corn region received 25 to 75 mm of rain, which generally favored the crop, but a few lowland fields may be flood damaged.

SOUTH ASIA--Monsoon activity produced near-normal weekly rainfall totals of 50 to 100 mm in much of India's northern region where autumn rice is approaching maturity. By early September the summer monsoon usually begins its retreat from Pakistan. Most of Pakistan remained dry last week, but heavy showers produced 50 to 100 mm totals in the vicinity of Punjab. The major cotton-producing areas of Gujarat and western Madhya Pradesh generally received less than 10 mm. Rainfall in this area has been light for the past few weeks and the cotton crop has begun to flower. Dry weather also prevailed in Tamil Nadu.

CANADA--A nearly stationary low pressure system brought showers to the wheat area of eastern Saskatchewan and Manitoba. The wet weather delayed harvesting activities in the region. By week's end, the cold front moved out of the Canadian Prairies and drier weather aided the resumption of grain harvest in the east. Elsewhere, only light showers occurred with a warming trend beginning toward the end of the week. Warm, dry weather is needed to facilitate the progress of the grain harvest.

AUSTRALIA--The wheat areas remained dry again this week. Soil moisture reserves are being depleted because of insufficient moisture in key growing areas of West Australia, New South Wales and Queensland. Timely rains are needed in these areas to carry the wheat crop through the vegetative phase. Increasing moisture stress has caused some crop deterioration, especially in Queensland and northern New South Wales. In Queensland, the crop is severely stressed.

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SOUTH AMERICA--Dry weather continued in the wheat-producing areas of Buenos Aires Province, Argentina. Although moisture reserves are adequate for initial spring growth, timely rains will be needed as the crop begins active development within the next few weeks. Weekly rainfall totals were near the seasonal average in the wheat areas of Rio Grande do Sul through southern Parana in Brazil. Further north, dry weather provided favorable harvest conditions for citrus in Sao Paulo.

SOUTHEAST ASIA--Abundant rainfall occurred throughout much of Thailand. Weekly totals were above-normal except for the western region and the southern peninsula where below normal amounts fell. Rice is in its vegetative phase of development and should be progressing well with favorable weather conditions. Reservoirs in the northern hills should have benefited from heavy shower activity.

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Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain, soybeans and tapioca, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Sept. 9, 1980		Change from previous week	A year ago
	Dollars per metric ton	Dollars per bu.	Cents per bu.	Dollars per metric ton
Wheat:				
Canadian No. 1 CWRs-12.5%..	<u>1/</u>	<u>1/</u>	<u>1/</u>	<u>1/</u>
U.S. No. 2 DNS/NS: 14%.....	217.50	5.92	+11	196.50
U.S. No. 2 DHW/HW:13.5%....	214.00	5.82	- 6	201.00
U.S. No. 2 S.R.W.....	204.00	5.55	+11	194.00
U.S. No. 3 H.A.D.....	306.00	8.33	-11	224.25
Canadian No. 1 A: Durum....	<u>1/</u>	<u>1/</u>	<u>1/</u>	235.00
Feedgrains:				
U.S. No. 3 Yellow Corn.....	171.00	4.34	- 5	136.00
U.S. No. 2 Sorghum <u>2/</u>	182.00	4.62	- 5	141.00
Feed Barley <u>3/</u>	177.50	3.86	- 6	165.00
Thailand Tapioca.....	177.92	--	-1.38 <u>5/</u>	--
Soybeans:				
U.S. No. 2 Yellow.....	340.50	9.27	+32	286.50
Argentine <u>4/</u>	337.00	9.17	+34	282.00
U.S. 44% Soybean Meal (M.T.)	295.00	--	+14.00 <u>5/</u>	235.00
EC Import Levies				
Wheat <u>6/</u>	109.22	2.97	- 1	97.97
Barley.....	93.90	2.04	+ 2	81.06
Corn	101.52	2.59	+11	112.23
Sorghum.....	86.07	2.19	- 6	103.25

1/ Not available.

2/ Optional delivery: U.S. or Argentine Granifero Sorghum.

3/ Optional delivery: U.S. or Canadian Feed Barley

4/ Optional delivery: Brazil Yellow

5/ Dollars per metric ton.

6/ Durum has a special levy.

NOTE: Basis October delivery.

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